



## RATE OF INFLATION

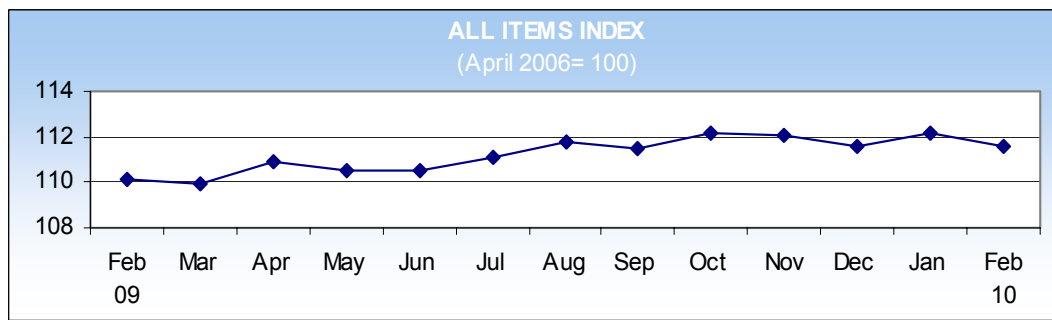
Consumers paid 1.3 per cent more in February 2010 than they did a year ago for the basket of goods and services in the Consumer Price Index (CPI). This level of inflation increased from 1.2 per cent measured in January 2010.

Between January 2010 and February 2010, the average cost of goods and services in the Consumer Price Index fell 0.5%. The all-items index decreased from 112.2 to 111.7 index points in February. This means that the basket of goods and services that cost \$100.00 in April 2006 now cost \$111.70.

## YEAR-TO-YEAR ANALYSIS

The Health & Personal Care sector was the largest contributor to the twelve-month increase in the Consumer Price Index. This sector increased 7.3 per cent for the year due to a 14.7 per cent increase in medical insurance and an 8.7 per cent increase in self-prescribed medicines.

Price shifts in the Household Goods, Service & Communications and the Rent sectors were 2.7 per cent and 0.9 per cent, respectively. Both sectors impacted strongly on the annual rate of inflation during the month of February.



**Inflation Rate**  
**1.3%**

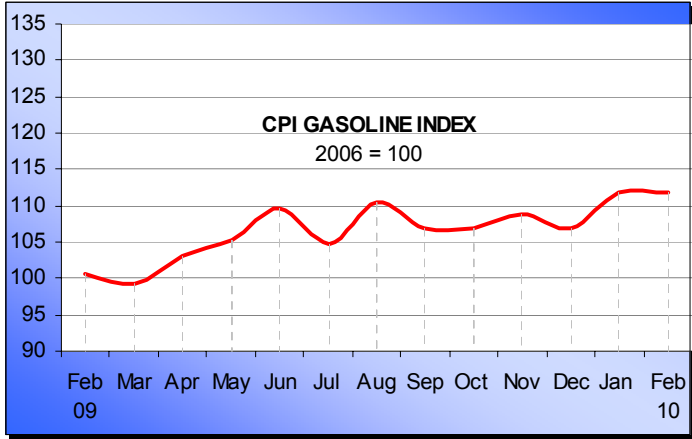
The compilation of the CPI involves the processing of several thousand price quotations. The Department of Statistics wishes to acknowledge the cooperation of the business community in supplying the required price data.

SUMMARY STATISTICS					
Period	Monthly		Period	Quarterly	
	Index	Annual per cent Change		Index	Annual per cent Change
<b>2009</b>			<b>2007</b>		
Feb	110.2	+4.4	Q4	105.5	+4.2
Mar	109.9	+2.7			
Apr	110.6	+1.9	<b>2008</b>		
May	110.5	+1.4	Q1	106.0	+3.8
Jun	110.5	+1.2	Q2	108.9	+4.8
Jul	111.1	+1.2	Q3	110.4	+5.1
Aug	111.8	+1.6	Q4	111.0	+5.2
Sep	111.5	+0.2			
Oct	112.1	+0.7	<b>2009</b>		
Nov	112.0	+0.6	Q1	110.3	+4.1
Dec	111.6	+1.0	Q2	110.5	+1.5
<b>2010</b>			Q3	111.5	+1.0
Jan	112.2	+1.2	Q4	111.9	+0.8
Feb	111.7	+1.3			

**MONTH-TO-MONTH ANALYSIS**

**Rent**

The Rent sector increased by 0.1 per cent for the month. This was due to a 0.2 per cent increase in rent controlled properties.



**Health & Personal Care**

The average price of toiletries, cosmetics and perfumes increased by 1.2 per cent. Overall this contributed to a 0.1 per cent rise in the Health & Personal care sector.

**Fuel & Power**

On average, Fuel & Power prices advanced 0.2 per cent in February. Households now pay 2.5 per cent more for a cylinder of propane gas.

**Clothing & Footwear**

The Clothing & Footwear sector was unchanged in February.

**Education, Recreation & Reading**

The Education, Recreation & Reading sector remained relatively static in February.

**Household Goods, Services & Communications**

The Household Goods, Services & Communications sector declined by 0.1 per cent. The average price of big ticket items such as refrigerators, washers and dryers declined 1.3 per cent.

**Tobacco & Liquor**

The Tobacco & Liquor sector contracted 0.5 per cent reflecting the 1.7 per cent decrease in the price of beer and 1.1 per cent decrease in the price wine. In contrast, the price of spirits increased by 2.0 per cent.

**Food**

In the food sector, prices dipped 0.8 per cent for the month. Price decreases were observed for fresh fruits (16.2 per cent), canned soups (2.3 per cent) and cheeses (4.0 per cent).

**Transport & Vehicles**

The Transport & Vehicle sector fell 2.8 per cent. The downward pressure in this sector resulted from a 0.3 per cent drop in the average cost of cars; airfares dipped 6.6 per cent while the cost of overseas hotel accommodations plummeted 20.1 per cent.

**COMPUTING PRICE INCREASES**

The Department of Statistics receives numerous calls daily requesting the rate of inflation over specific periods of time. The following calculations are provided to guide users as to how to compute rates of price increases. The monthly index numbers can be obtained from our website [www.statistics.gov.bm](http://www.statistics.gov.bm).

**a) Month-to-Month Price Change**

The price change between November and December, 2007 is calculated as follows:

$$= \frac{\text{Dec 07 index number} - \text{Nov 07 index number}}{\text{Nov 07 index number}} \times 100$$

$$= \frac{105.3 - 105.8}{105.8} \times 100$$

$$= -0.5\%$$

**b) Year-to-Year Price Change (annual rate of inflation)**

The price change between December, 2006 and December, 2007 is calculated as follows:

$$= \frac{\text{Dec 07 index number} - \text{Dec 06 index number}}{\text{Dec 06 index number}} \times 100$$

$$= \frac{105.3 - 101.6}{101.6} \times 100$$

$$= 3.6\%$$

# BERMUDA CONSUMER PRICE INDEX

**APRIL 2006 = 100**

	All Items	Food	Rent	Clothing & Footwear	Tobacco & Liquor	Fuel & Power	Household Goods, Services & Communications	Transport & Vehicles	Education, Recreation & Reading	Health & Personal Care
<b>2004 WEIGHT</b>	1000	146	325	37	20	30	140	139	71	92
<b>ANNUAL AVERAGE ( per cent)</b>										
<b>2004</b>	+3.6	+2.5	+2.2	+1.9	+5.2	+1.9	+1.6	+4.0	+6.2	+9.1
<b>2005</b>	+3.1	+3.0	+2.8	+2.1	+2.6	+5.6	+1.4	+5.1	+5.1	+2.4
<b>2006</b>	+3.1	+2.0	+3.9	+3.3	+2.1	+9.5	+1.4	+1.2	+3.8	+5.7
<b>2007</b>	+3.8	+3.5	+2.6	+0.2	+1.9	+5.5	+2.2	+6.6	+4.8	+6.8
<b>2008</b>	+4.8	+5.6	+2.4	+2.7	+9.3	+31.8	+2.6	+3.9	+5.1	+6.6
<b>2009</b>	+1.8	+5.4	+1.9	+3.0	+5.9	-6.3	+0.7	-4.3	+5.3	+6.7
<b>MONTHLY ( per cent)</b>										
<b>2007</b>										
Dec	-0.5	-0.7	+0.2	Nil	+1.1	+4.6	Nil	-4.5	+0.1	Nil
<b>2008</b>										
Jan	+0.1	+1.5	+0.2	-0.6	+1.0	+0.1	+0.1	-1.3	-0.1	-0.1
Feb	+0.2	+0.4	+0.2	Nil	-0.2	+2.8	+0.1	-0.2	-0.1	Nil
Mar	+1.3	+0.5	+0.2	Nil	+2.8	+1.2	Nil	+7.6	+0.8	+0.1
Apr	+1.5	+1.0	+0.4	+7.3	+2.9	Nil	+1.0	+2.5	+0.1	+5.1
May	+0.3	-0.1	+0.3	Nil	+1.1	+2.0	-0.1	+0.4	+0.3	+0.2
June	+0.3	+1.5	+0.1	Nil	+0.4	+0.4	+0.5	-0.5	Nil	+0.4
July	+0.5	Nil	+0.3	-0.2	Nil	+8.9	+0.7	Nil	+0.2	+0.1
Aug	+0.3	+1.0	+0.3	Nil	+0.5	Nil	+0.6	-0.4	Nil	+0.1
Sept	+1.1	+0.4	+0.1	Nil	+0.5	+14.0	+0.3	-0.1	+4.4	+0.3
Oct	Nil	+2.0	+0.2	+1.1	+0.2	Nil	+0.1	-3.4	+0.6	+0.6
Nov	Nil	+0.4	+0.2	Nil	+0.9	-0.1	+0.1	-1.1	+0.5	Nil
Dec	-0.7	+0.1	+0.3	Nil	0.5	-3.5	-2.7	-2.7	+0.2	Nil
<b>2009</b>										
Jan	+0.3	+0.9	+0.2	-1.2	+0.5	-2.1	+0.3	+1.5	+0.2	Nil
Feb	-0.5	+0.3	+0.2	Nil	+0.3	-10.1	+0.2	-1.4	-0.4	Nil
Mar	-0.3	-0.3	+0.2	Nil	+0.1	-5.3	+0.1	-1.3	+0.2	+0.3
Apr	+0.7	Nil	+0.1	+1.7	+0.3	-0.1	+0.5	+1.6	+0.4	+2.8
May	-0.2	+0.3	+0.1	Nil	+0.1	Nil	+0.2	-3.4	-0.6	+2.1
Jun	+0.1	-0.1	-0.1	Nil	+0.3	Nil	+Nil	+0.3	+0.7	+0.2
Jul	+0.5	-0.3	-0.1	+0.9	+0.5	-3.6	+1.0	+4.4	+0.3	Nil
Aug	+0.6	+1.4	+0.1	Nil	+0.9	Nil	Nil	+2.6	+0.1	+0.1
Sep	-0.3	Nil	+0.3	Nil	+0.1	Nil	+0.4	-4.2	+1.8	+0.2
Oct	+0.5	Nil	Nil	-0.4	-0.3	Nil	+0.1	+3.1	Nil	+1.5
Nov	-0.1	+0.3	+0.1	Nil	+0.3	+0.1	Nil	-1.8	Nil	Nil
Dec	-0.3	-0.7	+0.1	Nil	+1.1	Nil	+0.3	-2.2	-0.1	-0.1
<b>2010</b>										
Jan	+0.5	+2.1	+0.1	-2.6	-0.1	+0.2	+0.1	+1.9	+0.1	Nil
Feb	-0.5	-0.8	+0.1	Nil	-0.5	+0.2	-0.1	-2.8	Nil	+0.1
<b>Feb '10</b>	<b>111.6</b>	<b>117.5</b>	<b>108.7</b>	<b>104.5</b>	<b>120.5</b>	<b>127.5</b>	<b>107.2</b>	<b>101.1</b>	<b>119.4</b>	<b>124.2</b>
Feb'10 Feb'09	<b>+1.3</b>	<b>+2.0</b>	<b>+0.9</b>	<b>-0.4</b>	<b>+2.7</b>	<b>-8.5</b>	<b>+2.7</b>	<b>-2.1</b>	<b>+2.8</b>	<b>+7.3</b>

## WHAT IS THE CONSUMER PRICE INDEX?

The Consumer Price Index (CPI) is a statistical tool used for measuring changes in the general level of prices of consumer goods and services purchased by private households.

The index measures price movements of a given quality and quantity of goods and services. The mix of these consumer goods and services comprising the index, are figuratively thought of as a “shopping basket.” In constructing this “shopping basket”, the selected goods and services are organized first by commodity type. They are then divided into sub-components and assigned to a major expenditure group. The Bermuda CPI is structured into nine expenditure groups or sectors:

- Food
- Rent
- Clothing & Footwear
- Tobacco & Liquor
- Fuel & Power
- Transport & Vehicles
- Household Goods, Services & Communications
- Education, Recreation & Reading
- Health & Personal Care

## CONCEPTS AND DEFINITIONS

### Base Period

The time period which is used as a reference point for measuring the price change of goods and services. The base period for the Bermuda CPI is April 2006.

### Price Index Number

A single figure that shows how a set of prices has changed over a specified period of time. An index number on its own means nothing. It must be compared with an index number from another period to have meaning. For example, a comparison of the index number 79.1 for January 1998 with 82.9 for January 2000, reveals that prices have increased by 4.8 percent.

### Laspeyres Equation

The CPI is computed using this statistical equation. This formula calculates the total amount of money a household needs today to purchase the same basket of goods and services that it bought in the base period, April 2006.

## WEIGHTED AVERAGE

A mathematical formula that takes into account the relative importance of an item's price change compared to the overall change in the sector or CPI.

### Inflation

Inflation is the process of rising prices, resulting in diminishing purchasing power of a given sum of money.

### Cost of Living Index

Many individuals refer to the Consumer Price Index (CPI) as a cost-of-living index. The CPI is an index of pure price change only. A cost-of-living index reflects the changes in buying or consumption patterns that consumers would ordinarily make to adjust to any change in the price of a good or service.

## A COMPARISON OF RATES OF INFLATION (%) Selected Countries & Bermuda

	2006	2007	2008	2009	Feb 10
<b>Bermuda</b>	3.1	3.8	4.8	1.8	+1.3
<b>United States<sup>1</sup></b>	3.2	2.8	3.8	2.7	+2.1
<b>Canada<sup>2</sup></b>	2.0	2.2	2.3	0.3	+1.6
<b>United Kingdom<sup>3</sup></b>	2.3	2.3	3.6	-0.5	+3.7

### Sources:

1. US Bureau of Labour Statistics
2. Statistics Canada
3. UK Office of National Statistics

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